

2ND MEETING

OF THE EUROPEAN POST TRADE GROUP

SUMMARY OF DISCUSSION

Hosted by the ECB T2S Programme Office, 29 June 2012, Frankfurt

1. Chairman introduction and members updates

European Post Trade Group (EPTG or the Group) members were invited to provide brief updates on relevant initiatives and meetings on post-trade harmonisation.

The Chairman welcomed members of the Group to the ECB and in particular the two new members, Mr. Alberto Giovannini and Mr. Peter Norman, both in their capacity as senior independent experts.

T2S Framework Agreement (FWA). As of 29/06/2012, more than 20 CSDs had agreed to sign the FWA. This includes almost all Euro area markets. In addition some non-euro area CSDs have signed too. The next step is the implementation of the new T2S governance within the T2S community, i.e. the T2S stakeholders of the markets and entities having joined T2S.

Eurosystem and COGESI. Despite the discontinuation of the CCBM2 project in its current form, the Eurosystem remains committed to deliver the promised enhancements (removal of CCBM repatriation requirement, cross-border triparty services) and will continue working on harmonisation of collateral management services. COGESI has agreed to do some follow-up work in the field of harmonisation on topics that are relevant also for tri-party interoperability (e.g. collateral eligibility requirements, minimum common features for CCPs/(I)CSDs interoperability and operating hours of (I)CSDs/link arrangements). The regular COGESI meeting dealt with inter alia the need for the industry to reflect on users' needs and CSDs plans for the establishment of new links in T2S, particularly if such links are intended to be used for Eurosystem collateralisation purpose (i.e. in view of the Eurosystem assessment). The next COGESI meeting is planned for November 2012 the industry may provide feedback on the plans for T2S links set-up, as the Eurosystem would like to be informed at an early stage in case the new links set-up may require a review of its user assessment framework (e.g. links involving more than 3 CSDs)

EU legislative initiatives. The adoption process of the CSD regulation (CSDR) is progressing. There are

two workstreams currently on this topic, one in the Parliament and one in the Council. The ECON committee's discussion process will start in September, probably to be concluded by end 2012. Early 2013 is the target date for adoption.

Regarding progress on the Securities Law Legislation (SLL), a Commission proposal is expected by end 2012.

ESMA is consulting on the level II legislation of the European Markets Infrastructure Regulation - EMIR (technical standards). A consultation paper has been published on 25 June and an open hearing is taking place on 12 July. The consultation will close on August 5 with the objective to deliver the draft technical standards by 30 September.

Action Points

- **None**

2. Finalisation of 1st meeting documents

The Group approved the summary of the first meeting, with minor drafting changes.

The Group briefly discussed the terms of reference note. It was agreed that this Group builds on the work of the Experts Group on Market Infrastructures (EGMI) and that any question on the exact scope of the Group's work would be discussed following the publication of its definitive Action List.

On the Group's constitution the possible nomination of a representative of the funds industry is pending and the door remains open to a representative of the exchanges. JP Morgan's Dan Watkins (Forum of European Asset Managers) will replace Elizabeth Corley (Allianz).

Finally it was agreed that the name of the group will be "European Post Trade Group".

Action Points

EPTG Secretariat to:

- **To update the summary of the 1st meeting;**

3. Global Issues List and Action List

The T2S Programme Office presented the draft Global Issues list as revised following the Group members' comments received so far.

The EPTG Secretariat presented the two distinct issues lists - the "Global" List and the "Action" List. The

Global List is meant to capture all gaps in the post trade environment and provide a central overview of all initiatives to address these gaps currently ongoing or planned in the EU (independently of who is the owner of the issue).. The Action List is derived from the Global List and identifies gap areas where no-one is actually taking action yet and thus the initiatives that the Group will focus on. The Action List will ultimately become the working tool of the EPTG' work.

The work will focus on the Action List, for which the EPTG shall take ownership. The Secretariat was invited to coordinate efforts and make use of the combined expertise of the members. As a result, it was agreed that for each issue in the two lists, at a minimum one Group member will assume sponsorship for drafting proposals on issue description, work status, deadlines and responsible actors. The Secretariat will be responsible for maintaining coherence and circulating information but the sponsors will be the responsible actors to provide input on content.

The Group had a detailed discussion, issue by issue on both lists, in order to identify any gaps and assign sponsors. The list of sponsors will be agreed via a written procedure upon a Secretariat proposal. Sponsors' contributions should be provided to the Secretariat prior to the 3rd EPTG meeting.

The Group also agreed that, once the Action List is stable, a timeline with all Action List issues should be established for the benefit of organising and prioritising work and for clearly communicating to the market.

Action Points

EPTG members to:

- **Agree/comment on the list of proposed sponsors via a written procedure;**
- **Provide drafting text on their sponsored issues prior to the 3rd EPTG meeting;**

EPTG Secretariat to:

- **Make a proposal to the Group on a list of sponsors;**
- **Update the Global List and the Action List in line with the detailed comments made during the 2nd EPTG meeting;**
- **Share the updated lists with the Group prior to the 3rd meeting via a written procedure;**

4. Organisational matters

Regarding the communication policy of the Group, it was agreed to apply the principle of transparency. This means that the agenda, the summary of the discussions and the deliverables would be published as well as the Group's objective, the terms of reference, members and alternates, and nomination process.

It was also agreed that the Secretariat would prepare a proposal for an appropriate web publication.

The 3rd meeting would take place in London on **19 October 2012**, chaired by the industry and hosted by

BNYMellon. The main deliverable is the updated Action List.

Action Points

EPTG Secretariat to:

- **prepare a proposal for the Group's Web publication;**
- **Organise the 3rd meeting**

2nd meeting participants

Mr Jean-Michel Godeffroy (T2S Programme Board) - *Chairman*

Mr George Kalogeropoulos (T2S Programme Office) – *Rapporteur*

Mr Helmut Wacket (T2S Programme Office)

Ms Simonetta Rosati (ECB)

Mr Yvon Lucas (T2S Programme Board)

Mr Werner Frey (AFME)

Mr Paul Bodart (BNY MELLON, Banks)

Mr Marcus Zickwolff (EUREX, CCPs)

Ms Nathalie Piscione (ESMA)

Mr Joël Mérére (Euroclear, CSDs)

Mr Chris Redmond (DG-Markt)

Mr Handjinicolaou George (ISDA, Derivatives)

Mr Markus Kaum (Munich Re, Issuers)

Mr Alberto Giovannini – Independent expert

Mr Peter Norman - Independent expert